

Mr. Chairman:

Thank you for the opportunity to present my bill to committee today.

As most people in this room know, the high rates of auto insurance in the city of Detroit is one of the factors that makes living in Detroit expensive and uninviting.

Depending on which study you are looking at, Michigan's insurance rates are anywhere from the 2nd to 12th highest in the country, but Detroiters are paying some of the highest rates in the nation.

If we want to make Detroit an attractive place for people to live and raise a family we need to address this issue.

There have been many proposals and studies on how to do this, but most involved having our suburban neighbors subsidize our costs. We know that those plans are dead on arrival.

Therefore, I introduced a unique solution that will offer people a lower insurance product that will keep them covered.

My goal is NOT to provide low-cost insurance to people who can afford it, but to offer it to those that currently cannot afford auto insurance but want to drive legally.

The most recent study I have seen documented that Michigan is 10th in the nation in uninsured drivers and that 55.3% of drivers in Metro-Detroit are driving without insurance, and I'm sure that figure is even higher in the city of Detroit.

This is not only an embarrassment but is proof that our current insurance system in Michigan isn't working for a large segment of the population.

That is why I introduced Senate Bill 514, which is modeled after California's successful low cost automobile program. My bill will provide low-cost auto insurance in a test market for a limited number of years.

My bill will:

- Offer Detroit residents PIP choice of 50,000 and 100,000 dollars.
- Motorists will need to have a good driving record,
- be 21 years of age or older,
- have a car valued at 20,000 or less, and
- be at 300% or less of the federal poverty level.
- Finally, this will be offered for a five year test period and OFIR will be required to publicize this policy and prepare reports on its success or failure in years two through five.

We need to drive down auto insurance down to about \$1,000 a year in Detroit and I believe this policy will do that.

My bill will answer two important questions—whether those Detroiters who are driving without insurance will buy a cheaper policy, and whether insurance companies are truly committed to selling auto insurance to Detroiters.

If there are other realistic solutions to provide my constituents with affordable auto insurance I look forward to seeing your suggestions.

I will be amending Senate Bill 514 so that insurance agents will be held harmless by these changes.

And as I travel this state, I hear residents from other urban areas also complaining about their high rates, especially compared to their neighboring communities. That is why I will be changing this bill to make it a statewide pilot program.

Again, thank you Chairman Hune and the other members of this committee for allowing me a few moments to talk about my bill. I will be happy to answer any questions and I hope I can earn your support on this important piece of legislation.